

Senate Bill No. 116

Passed the Senate August 27, 1998

Secretary of the Senate

Passed the Assembly August 25, 1998

Chief Clerk of the Assembly

This bill was received by the Governor this ____ day
of _____, 1998, at ____ o'clock __M.

Private Secretary of the Governor

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CHAPTER ____

An act to add and repeal Section 25619 of the Public Resources Code, and to add and repeal Section 73 of the Revenue and Taxation Code, relating to energy programs.

LEGISLATIVE COUNSEL'S DIGEST

SB 116, Peace. State Energy Resources Conservation and Development Commission: grant program: solar energy systems.

(1) Existing law requires the State Energy Resources Conservation and Development Commission to expand and accelerate development of alternative sources of energy including solar resources.

This bill would, until January 1, 2006, require the commission, to the extent that funds are appropriated for that purpose in the annual Budget Act, to implement a grant program to accomplish specified goals including making solar energy systems cost competitive with alternate forms of energy and to provide support for electricity storage capabilities in solar electric applications to facilitate enhanced reliability in the event of a power outage. The bill would require the grants to be based on either the performance of, or the type of, the solar energy system, as determined by the commission, and would prohibit duplicate grants from other grant programs administered by the commission for solar systems that produce electricity, as specified. The bill would require the commission to develop and adopt guidelines, as specified. The bill would authorize the commission to use up to 3% of the funds appropriated to fund the commission's costs in administering the program.

This bill would make various findings and declarations in regard to its provisions.

(2) Former statutory property tax law, enacted pursuant to the authority granted to the Legislature pursuant to paragraph (1) of subdivision (c) of Section 2



of Article XIII A of the California Constitution, generally provided that the term “newly constructed” as used in the California Constitution does not include the construction or addition of any active solar energy system, as defined. The former statutory provisions specified related matters pertaining to active solar energy systems subject to the exclusion. The former provisions applied only to the lien dates for fiscal years 1981–82 to 1993–94, inclusive, and were repealed as of January 1, 1995.

This bill would, until January 1, 2006, reinstate those provisions and would provide that, with respect to supplemental assessment, the provisions shall apply only to qualifying construction completed on or after January 1, 1999, as prescribed. The bill would define the term “parts” for the purpose of the definition of the term “active solar energy system” and make a related statement of legislative intent. The bill would specify that it applies to lien dates for the 1999–2000 to 2004–05 fiscal years, inclusive. By requiring local taxing authorities to perform duties with regard to the reenactment of the active solar energy system exclusion, the bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares that solar technologies produce clean, renewable energy while reducing California’s energy deficit, creating in-state businesses and jobs in the manufacturing, contracting, and distribution industries, and preserving California’s preeminent role as home to the world’s largest concentration of solar energy companies.



SEC. 2. Section 25619 is added to the Public Resources Code, to read:

25619. (a) The State Energy Resources Conservation and Development Commission shall develop a grant program to offset a portion of the cost of eligible solar energy systems. The goals of the program are all of the following:

(1) To make solar energy systems cost competitive with alternate forms of energy.

(2) To reduce the cost of solar energy systems so that after four years these systems will not need state support to be cost competitive.

(3) To provide support for electricity storage capabilities in solar electric applications to facilitate enhanced reliability in the event of a power outage.

(4) To encourage the purchase by California residents of California-made solar systems.

(b) (1) The grant for a solar system shall be based on either the performance of, or the type of, the solar energy system, as the commission determines. A grant for an eligible solar energy system shall not exceed seven hundred fifty dollars (\$750). If a grant is awarded pursuant to this section for an eligible solar energy system which produces electricity, a grant shall not also be made from any other grant program administered by the commission, except as provided in paragraph (2).

(2) An applicant who receives a grant for a photovoltaic solar energy system from another program administered by the commission, may also receive a grant for that system pursuant to this section, if all of the following conditions are met:

(A) The system will accomplish the purpose specified in paragraph (3) of subdivision (a).

(B) The system is an eligible solar energy system.

(C) The system includes adequate battery storage, as determined by the commission.

(c) Only the owner of the solar energy system may apply for a grant under this section. An owner-builder or owner-developer of new single-family dwellings may elect not to apply for a grant on a solar energy system



installed on new single-family dwellings. If an owner-builder or owner-developer irrevocably elects not to apply for the grant for a solar energy system, the original purchaser of the new single-family dwelling on which the system is installed may apply for the grant, provided that a written document conveying entitlement to the grant is provided by the owner-builder or owner-developer to the original purchaser of the new single-family dwelling.

(d) The commission shall develop and adopt guidelines to provide appropriate consumer protections.

(e) The commission shall adopt guidelines governing the grant program authorized in this section, at a publicly noticed meeting offering all interested parties an opportunity to comment. The public notice of the meeting shall not be less than 30 days. Subsequent substantive changes to adopted guidelines shall be adopted at a public meeting upon written notice of at least 10 days to the public. Notwithstanding any other provision of law, any guidelines adopted pursuant to this subdivision shall be deemed to satisfy the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(f) For the purposes of this section:

(1) (A) “Cost” includes equipment and installation charges. In the case of a system that is leased, “cost” means the principal recovery portion of all lease payments scheduled to be made during the full term of the lease, which is the cost incurred by the taxpayer in acquiring the solar energy system, excluding interest charges and maintenance expenses.

(B) “Cost” includes all components necessary to carry out the intended use of the system if they are an integral part of the system.

(2) (A) “Eligible solar energy system” means any new, previously unused solar energy device whose primary purpose is to provide for the collection, conversion, transfer, distribution, storage, or control of solar energy for water heating or electricity generation, and that meets applicable standards and requirements



imposed by state and local permitting authorities, including, but not limited to, the National Electric Code. Eligible solar energy systems for water heating purposes shall be certified by the Solar Rating and Certification Corporation (SRCC) or any other nationally recognized certification agency that certifies complete systems. Major components of eligible solar energy systems for electricity generation shall be listed by a certified testing agency, such as Underwriters Laboratory.

(B) “Eligible solar energy system” does not include wind energy devices that produce electricity or provide mechanical work.

(C) “Eligible solar energy system” does not include additions to or augmentation of existing solar energy systems.

(D) “Eligible solar energy system” does not include a device that produces electricity for a structure unless the device is interconnected and operates in parallel with the electric grid.

(E) Eligible solar energy systems shall have a warranty of not less than three years.

(3) “Installed” or “placed in service” means placed in a functionally operative state.

(4) The person who provides the solar energy device shall be properly licensed by the California Contractors’ State License Board.

(g) Awards made pursuant to this section are grants, subject to appeal to the commission upon a showing that factors other than those described in the guidelines adopted by the commission were applied in making the awards. Any actions taken by an applicant to apply for, or become or remain eligible to receive awards, including satisfying conditions specified by the commission, shall not constitute the rendering of goods, services, or a direct benefit to the commission. Awards made pursuant to this section are not subject to any repayment requirements of chapter 24 (commencing with Section 25645). The commission is authorized to use up to 3 percent per year of the funds available for this program to fund the commission’s costs of administering the program.



(h) The commission shall only implement this section to the extent that moneys are appropriated for the purposes of this section in the annual Budget Act.

(i) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 3. Section 73 is added to the Revenue and Taxation Code, to read:

73. (a) Pursuant to the authority granted to the Legislature pursuant to paragraph (1) of subdivision (c) of Section 2 of Article XIII A of the California Constitution, the term “newly constructed,” as used in subdivision (a) of Section 2 of Article XIII A of the California Constitution, does not include the construction or addition of any active solar energy system, as defined in subdivision (b).

(b) (1) “Active solar energy system” means a system that uses solar devices, which are thermally isolated from living space or any other area where the energy is used, to provide for the collection, storage, or distribution of solar energy.

(2) “Active solar energy system” does not include solar swimming pool heaters or hot tub heaters.

(3) Active solar energy systems may be used for any of the following:

(A) Domestic, recreational, therapeutic, or service water heating.

(B) Space conditioning.

(C) Production of electricity.

(D) Process heat.

(E) Solar mechanical energy.

(c) (1) (A) The Legislature finds and declares that the definition of spare parts in this paragraph is declarative of the intent of the Legislature, in prior statutory enactments of this section that excluded active solar energy systems from the term “newly constructed,” as used in the California Constitution, thereby creating a tax appraisal exclusion.



(B) An active solar energy system that uses solar energy in the production of electricity includes storage devices, power conditioning equipment, transfer equipment, and parts related to the functioning of those items. In general, the use of solar energy in the production of electricity involves the transformation of sunlight into electricity through the use of devices such as solar cells or other collectors. However, an active solar energy system used in the production of electricity includes only equipment used up to, but not including, the stage of the transmission or use of the electricity. For the purpose of this paragraph, the term “parts” includes spare parts that are owned by the owner of, or the maintenance contractor for, an active solar energy system that uses solar energy in the production of electricity and which spare parts were specifically purchased, designed, or fabricated by or for that owner or maintenance contractor for installation in an active solar energy system that uses solar energy in the production of electricity, thereby including those parts in the tax appraisal exclusion created by this section.

(2) An active solar energy system that uses solar energy in the production of electricity also includes pipes and ducts that are used exclusively to carry energy derived from solar energy. Pipes and ducts that are used to carry both energy derived from solar energy and from energy derived from other sources are active solar energy system property only to the extent of 75 percent of their full cash value.

(3) An active solar energy system that uses solar energy in the production of electricity does not include auxiliary equipment, such as furnaces and hot water heaters, that use a source of power other than solar energy to provide usable energy. An active solar energy system that uses solar energy in the production of electricity does include equipment, such as ducts and hot water tanks, that is utilized by both auxiliary equipment and solar energy equipment, that is, dual use equipment. That equipment is active solar energy system property only to the extent of 75 percent of its full cash value.



(d) This section shall apply to lien dates for the 1999–2000 to 2004–05 fiscal years, inclusive. For purposes of supplemental assessment, this section shall apply only to qualifying construction completed on or after January 1, 1999.

(e) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the duties imposed on a local agency or school district by this act were expressly included in a ballot measure approved by the voters in a statewide election, within the meaning of Section 17556 of the Government Code.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

Approved _____, 1998

Governor

